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DIRECTORATE OF  
INTELLIGENCE

# Intelligence Memorandum

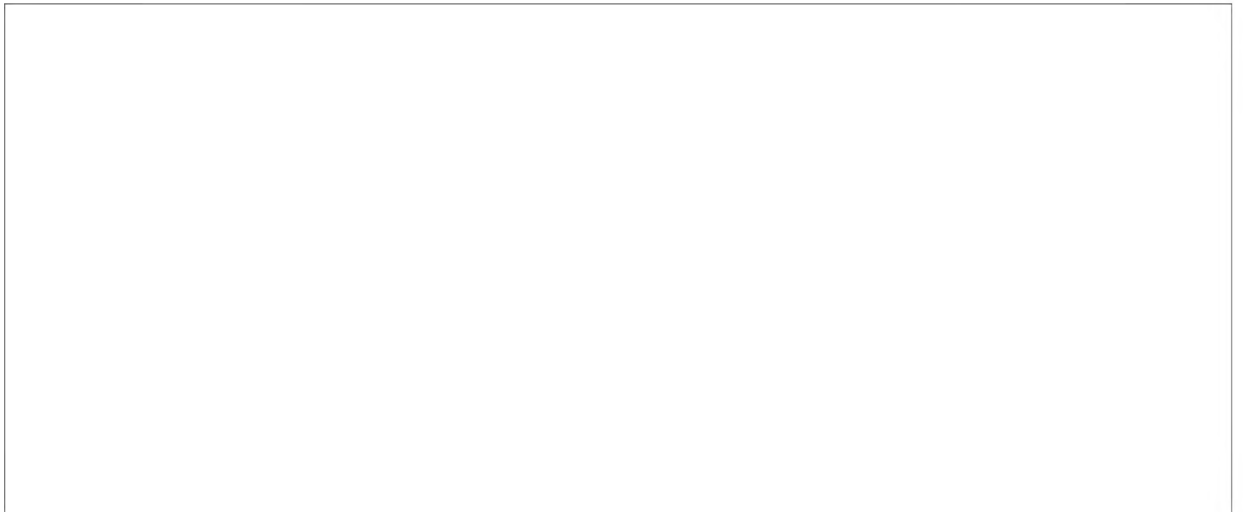
*Shipping to Cambodia in the Second Half of 1966*

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May 1967

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FOREWORD

The data in this memorandum are preliminary and subject to modification as additional information becomes available. Significant changes may occur in data on ship arrivals and cargoes from Communist China and, to a lesser extent, in data on cargoes carried by ships of the Free World. All data on cargoes carried are expressed in metric tons; because of rounding, components may not add to the totals shown. Data on Soviet and Eastern European ship arrivals and cargoes and on Free World ship arrivals are not likely to be changed significantly. This memorandum updates CIA/RR EM 66-45, Shipping to Cambodia in the First Half of 1966, SECRET/NO FOREIGN DISSEM. As required, changes will be reported in subsequent memoranda. For the purposes of this memorandum, Yugoslavia is considered to be a country of the Free World.

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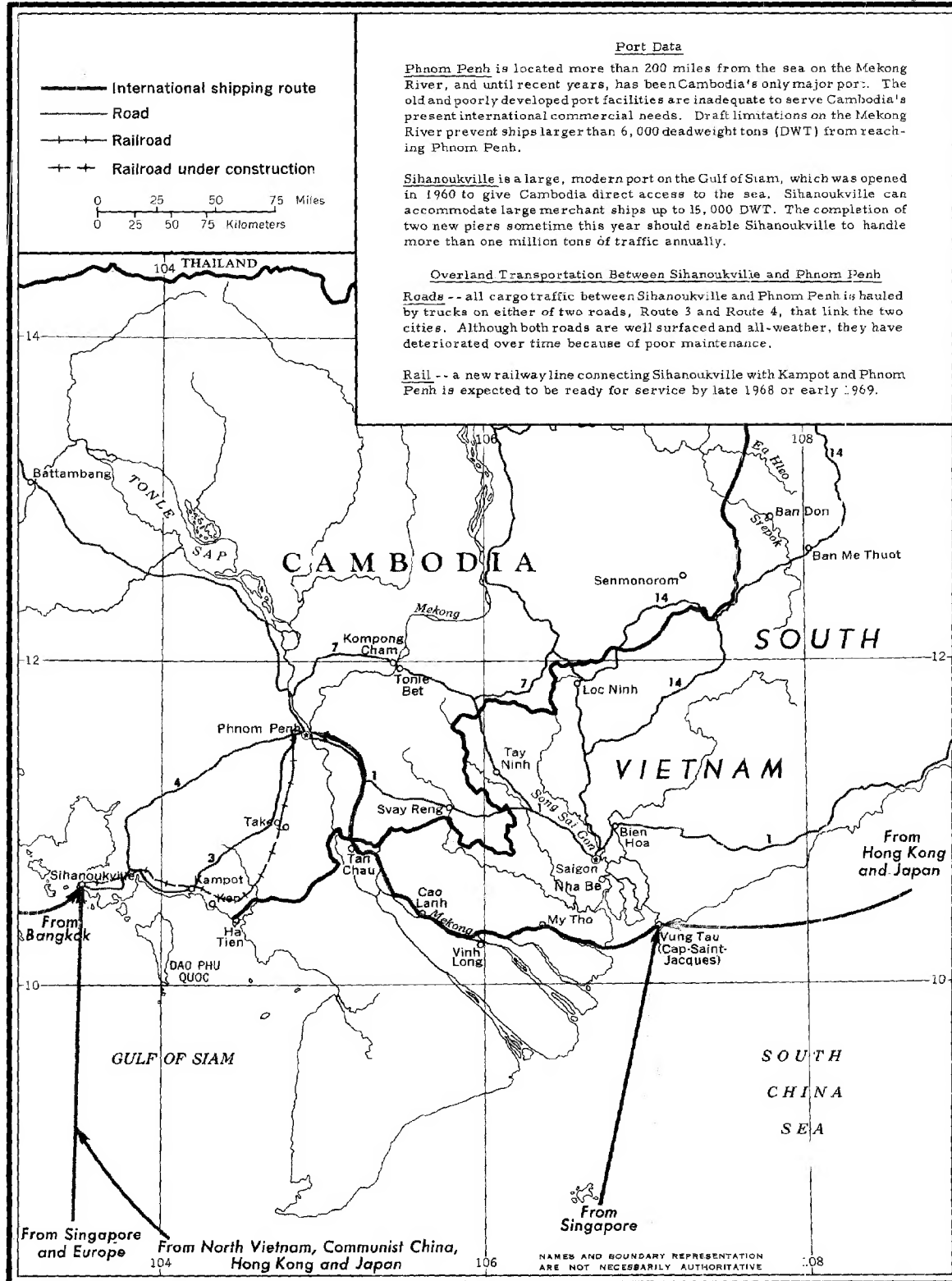
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# International Shipping to Cambodia

Figure 1



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SHIPPING TO CAMBODIA IN THE SECOND HALF OF 1966\*

Summary

Shipping to Cambodia in the second half of 1966 was marked by slightly fewer ship arrivals than in the first half of the year, a 26-percent decline in overall seaborne imports, and a sharp increase in seaborne imports of military cargoes. The decline in imports (which affected principally POL, cement, asphalt, and pyrites) stemmed from reduced earnings of foreign exchange in the first half of the year, as a result of a decline in rice exports. Imports at Sihanoukville declined much more than those at Phnom Penh despite the costly delays imposed on shipping to Phnom Penh by the South Vietnamese convoy system, which was instituted in November. More than three-fourths of the cargoes discharged at Sihanoukville originated in Communist countries, and most of these cargoes were delivered by Free World ships under Communist charter.

Imports of military cargoes were more than twice as great as in the first half of the year. Three Soviet and two Chinese Communist military ships delivered MIG-17 fighters, heavy artillery, small arms and ammunition, and other military end items to Sihanoukville, in accordance with military aid agreements. There were no shipments of military cargoes to Phnom Penh. In addition, large amounts of military-related cargoes were imported, such as explosives and medicines at Sihanoukville and communications batteries at Phnom Penh. Some of the military-related goods may have been smuggled to the Viet Cong from Cambodia.

Most of the ships arriving at Cambodia flew flags of Free World countries. Communist-flag ships made a record number of calls but accounted for only about 20 percent of total ship calls at Sihanoukville. No Communist-flag ships called at Phnom Penh, nor did any ships with cargoes loaded at Communist ports.

\* This memorandum was produced by CIA. It was prepared by the Office of Research and Reports, and information on ship arrivals was coordinated with the Office of Naval Intelligence; the estimates and conclusions represent the best judgment of the Directorate of Intelligence as of May 1967. For details on ship arrivals and distribution of cargo, see Tables 1, 2, and 3.

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### I. CAMBODIAN SEABORNE TRADE

Cambodia's total seaborne trade in 1966 was considerably less than in 1965. Although imports rose from 544,000 tons in 1965 to 575,000 tons in 1966 (see Table 1), exports declined by almost 40 percent, from 803,000 tons to 493,000 tons. Imports, which had grown in 1965 and the first six months of 1966, fell off to 245,000 tons in the last half of the year, compared with 330,000 tons in the first half. This drop reflected a decline in foreign exchange earnings, resulting from poor rice harvests and reduced exports of rice. Total exports for the year fell short of the planned goal by about one-third. Ship calls in the last six months of 1966 fell to 295 from 305 in the first six months, because exports rebounded from the very low levels of the first half year. The port of Sihanoukville on the Gulf of Siam and the port of Phnom Penh (including nearby subsidiary river ports such as Kompong Cham and Tonle Bet) on the Mekong River handled about equal shares of Cambodia's total seaborne trade in 1966, and both were affected by the reduction in imports and ship calls in the second half of the year.

### II. SHIPPING VIA THE MEKONG RIVER TO PHNOM PENH

#### A. New Shipping Restrictions

More than half of Cambodia's seaborne imports in the second half of 1966 entered the country via the Mekong River to Phnom Penh. As in the first half of 1966, no deliveries of military equipment, explosives, or cargoes loaded at Communist ports were made to Phnom Penh.\*

Additional restrictions were adopted in late 1966, because of the growing concern of allied military authorities that some supplies were being offloaded from Free World ships into Viet Cong sampans along the Mekong. Since the middle of November 1966, all international freighters transiting the Mekong River to Phnom Penh have been required to sail in convoys escorted by South Vietnamese gunboats. Four round trip convoys a month operate between Cap-Saint Jacques and Tan Chau (see the map, Figure 1). The South Vietnamese scheduling of the convoys permits a maximum turnaround period of only 72 hours in Cambodia.

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\* In late 1964 and early 1965, the government of South Vietnam introduced several decrees which essentially prohibited the transit of ships up the Mekong to Cambodia that (1) fly flags of countries not recognizing the government of South Vietnam, (2) have called at Communist ports, or (3) carry weapons, ammunition, or commodities of military significance without advance permission.

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Except for temporary disruptions in November caused by adjustment to the convoy system, the additional restrictions have had little effect on the volume of shipping at Phnom Penh. The number of ships and the volume of cargo arriving at Phnom Penh in December corresponded closely to the monthly average for 1966. The most severe dislocation occurred in the movement of POL. Two tankers missed the initial convoy in November, and POL reserves in Phnom Penh became nearly depleted during late November and early December. To prevent a recurrence of this situation, at least two extra tankers were permitted to sail in December to Phnom Penh without escort in order to build up reserves. The oil companies believe that if adequate reserves are maintained in Phnom Penh, they can meet that city's POL requirements with the four convoys per month. However, the costly delays inherent in the convoy system and the fees charged by the South Vietnamese naval escorts are pushing the freight costs for delivery of POL to Phnom Penh to more than double their former rates. This probably will cost Cambodia more than \$800,000 in additional payments of hard currency in 1967.

Freight costs for dry cargo goods also have increased substantially because of the convoy system. Some ships en route to Phnom Penh have been delayed as long as a week while awaiting convoys, and additional delays have resulted from the slow progress of the convoys and the need to wait for a return convoy. Because of these delays and escort fees, the Japanese have levied a \$3-per-ton surcharge on dry cargoes carried by their ships from Japan to Phnom Penh, and other shipping companies have levied a 20-percent surcharge (also about \$3 per ton) on many of the cargoes from Hong Kong. The increased costs of shipping dry cargoes to Phnom Penh in 1967 will probably amount to more than \$200,000. In addition, two Malaysian-flag liners have terminated their services between Singapore and Phnom Penh.

The convoy system has apparently not caused any significant diversion of international shipping from Phnom Penh to Sihanoukville. This can be explained by (1) the considerably greater distance from the ports in Japan and Hong Kong to Sihanoukville, (2) the lack of POL unloading and storage facilities in Sihanoukville, (3) the limitations in overland transportation from Sihanoukville to the principal markets in Phnom Penh, and (4) the inability of Sihanoukville to accommodate much more shipping until additional port facilities now under construction are completed.

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B. Arrivals and Cargoes

In the second half of 1966, 168 ships called at Phnom Penh, compared with 171 ships in the first half of the year. Imports totaled 134,000 tons, a decline of 18 percent, compared with the first half of the year, as shown in the following tabulation:

	<u>Thousand Metric Tons <sup>a/</sup></u>	
	<u>Second Half of 1966</u>	<u>First Half of 1966</u>
POL	94	108.5
Metal products	13	15
Asphalt	5	7
Foodstuffs	3.5	8
Jute	4.5	5
Chemicals	4.5	4
Dry cell batteries and radio equipment	1	
Other identified cargoes	7.5	14.5
Unidentified	1	1.5
Total	<u>134</u>	<u>163.5</u>

a. Rounded to the nearest 500 tons.

Fifty-eight of the 168 ships that visited Phnom Penh in the last six months of 1966 were tankers delivering bulk petroleum, and they accounted for two-thirds of the total volume of cargoes received by Cambodia via the Mekong River. More than half of the POL deliveries were made by French tankers; the remaining deliveries were made by tankers flying Panamanian, Cambodian, and Japanese flags. Ninety thousand tons of bulk POL were discharged at Phnom Penh (some of which probably was delivered at Tonle Bet) in the second half of 1966, compared with 105,000 tons in the first half of the year. Sixty-nine thousand tons came from Shell storage facilities at Nha Be near Saigon or at Pulo Bukom in Singapore, and 21,000 tons from an ESSO storage facility on the Indonesian island of Bintan. Slightly more than 4,000 additional tons of POL came in drums.

Of the 110 dry cargo ships calling at Phnom Penh, 41 percent were of Panamanian and 26 percent of Japanese registry. The other dry cargo ships consisted of small Cambodian, French, Malaysian, and

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Dutch freighters. All dry cargoes delivered to Phnom Penh were loaded either at Japan, India, Pakistan, Hong Kong, or Singapore. Japanese-flag ships, most of which operated liner services from Japan to Phnom Penh via Hong Kong, carried more than 25,000 tons, or about 60 percent of the total dry cargo imports -- largely metals, chemicals, and machinery. The imports from Pakistan and India consisted entirely of jute, part of which was carried in the two shipments made by a Dutch ship. Small Malaysian, French, Panamanian, and Cambodian liners arriving from Singapore discharged asphalt and drummed POL. A small amount of cargo loaded at Hong Kong or Singapore could have originated in Communist countries, but the total volume of such shipments is negligible.

No military cargoes were identified aboard ships discharging at Phnom Penh, and it is unlikely that such cargoes were discharged clandestinely. The information available permits the identification of all cargoes by carrier and port of loading, and more than 99 percent of all cargoes by type. Some military-related goods, however, were included in these shipments. Japan exported 900 tons of dry cell batteries to Phnom Penh from the first delivery in June to the end of 1966. This quantity is substantially in excess of Cambodia's annual requirements, and batteries of this type are widely used in radio communications equipment employed by the Communist forces in South Vietnam. Of the 4,500 tons of chemicals discharged at Phnom Penh, 65 tons were not identified by type. It is possible, although unlikely because of the risks of violating Mekong shipping restrictions, that some of these chemicals included explosives. For example, Japanese exporters, who normally ship their wares to Phnom Penh, dispatched two shipments of explosive chemicals to Sihanoukville in the last six months of 1966. In addition, 10 tons of medicines and medical instruments were shipped to Phnom Penh from Japan, Hong Kong, and Singapore, of which at least one ton may have originated in Communist China.

### III. SHIPPING TO SIHANOUKVILLE

#### A. Arrivals

One hundred and twenty-seven ships called at Sihanoukville in the second half of 1966, a few less than the 134 which called in the first half of the year. Because exports recovered from very low levels during the first half of the year, shipping activity at this port remained high despite a 34-percent reduction in imports. Twenty-six of the arriving ships flew flags of Communist countries, and 101 were from Free World countries.

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Communist-flag ships hiked their participation in the Sihanoukville trade from 8 percent of arrivals in 1965 and 16 percent in the first half of 1966 to more than 20 percent in the second half of 1966. They carried about 31 percent of the cargoes imported through Sihanoukville in the second half of the year. Ten were Polish liners, which have been operating regular liner services to Sihanoukville since early in 1966. Nine were Soviet ships, which either discharged military cargo or carried commercial cargoes to or from North Vietnam, and the remaining seven were Chinese Communist ships. Most of the Chinese Communist ships were in a liner service that is operated between Sihanoukville and South China ports by a Chinese Communist-Cambodian shipping company established in 1960.

Free World ships under time charter to Communist countries accounted for 21 of the ship arrivals at Sihanoukville. These included 10 calls made by Greek ships, 5 by Norwegian ships, 3 by British, and 1 by a Danish ship -- all under charter to Communist China -- and 2 calls by a Maltese-flag ship chartered to North Vietnam. Large French liners accounted for 42 arrivals and Yugoslav liners for 9. The remaining arrivals included large tramps registered in Western Europe (plus one from Haiti) arriving to load rice, timber, or rubber; small liners carrying cargo to and from Singapore; and Japanese ships with special chemicals that could not be carried on the Mekong River.

With one exception, the ships arriving in Sihanoukville during the last half of 1966 were dry cargo ships. The exception was the Panamanian tanker, Cherry Blossom, which was sent in early December to relieve the severe shortage of fuel oil in Phnom Penh caused by the new restrictions on Mekong River shipping. This is the first tanker known to have visited Sihanoukville since the port was opened.

### B. Cargoes

Seaborne imports via Sihanoukville in the second half of 1966 totaled 110,500 tons, almost one-half of which consisted of cement and coal. Imports declined by 34 percent from the level of the first half year. Imports of cement, pyrites, and asphalt declined substantially, but imports of military cargoes increased, as shown in the following tabulation:

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	<u>Thousand Metric Tons <sup>a/</sup></u>	
	<u>Second Half of 1966</u>	<u>First Half of 1966</u>
Cement	34	61
Coal	17	16
Metal products	8.5	6
Foodstuffs	8	5.5
Chemicals and explosives	2.5	5
Rubber (for transshipment), pyrites, and asphalt		8
POL	1	
Military	1.5	0.5
Other general cargoes	7	6.5
Unidentified	31	58
Total	<u>110.5</u>	<u>166.5</u>

a. Rounded to the nearest 500 tons.

About 73 percent of total imports (81,000 tons) was loaded in Communist ports -- 52,000 tons in Communist China and 27,000 tons in North Vietnam. All of the coal came from Communist China and more than 95 percent of the cement came from either Communist China or North Vietnam. Less than 600 tons of cargo was delivered directly to Sihanoukville from the USSR, but more than 2,400 tons of general cargo of Soviet origin, mostly metal products and chemicals, was transshipped to Sihanoukville via Asian and African entrepôt ports. Some additional Soviet and Eastern European cargoes may have been transshipped by way of Western Europe or Yugoslavia.

#### C. Military and Military-Related Cargoes

Two military shipments from Communist China and three from the USSR were delivered to Sihanoukville during the second half of 1966. The largest delivery was made by the Chinese Communist ship You Hao in October. The shipment consisted of more than 500 tons of the following: 76-mm field artillery, 37-mm antiaircraft guns, 14.5-mm machine-guns, disassembled aircraft, and small arms and ammunition. This materiel was trucked overland to the Cambodian ordnance depot at Long Vek. The shipment probably included equipment ordered under the aid agreement signed by Cambodia in late 1965. In December the Chinese Communist ship Heping brought about 450 tons of probable small arms and ammunition to Cambodia provided under the same agreement, as well as under a new contract signed for ammunition in October 1966.

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In July and August, Cambodia received its initial deliveries of military aid under an agreement signed with the USSR in March 1966, when the Bryanskiy Rabochiy and the Millerovo offloaded six MIG-17's, MIG spare parts, and some 100-mm antiaircraft guns at Sihanoukville. (For photographs of the Millerovo, see Figure 2.) Another Soviet ship, the Polotsk, discharged 192 tons of arms and ammunition in September.

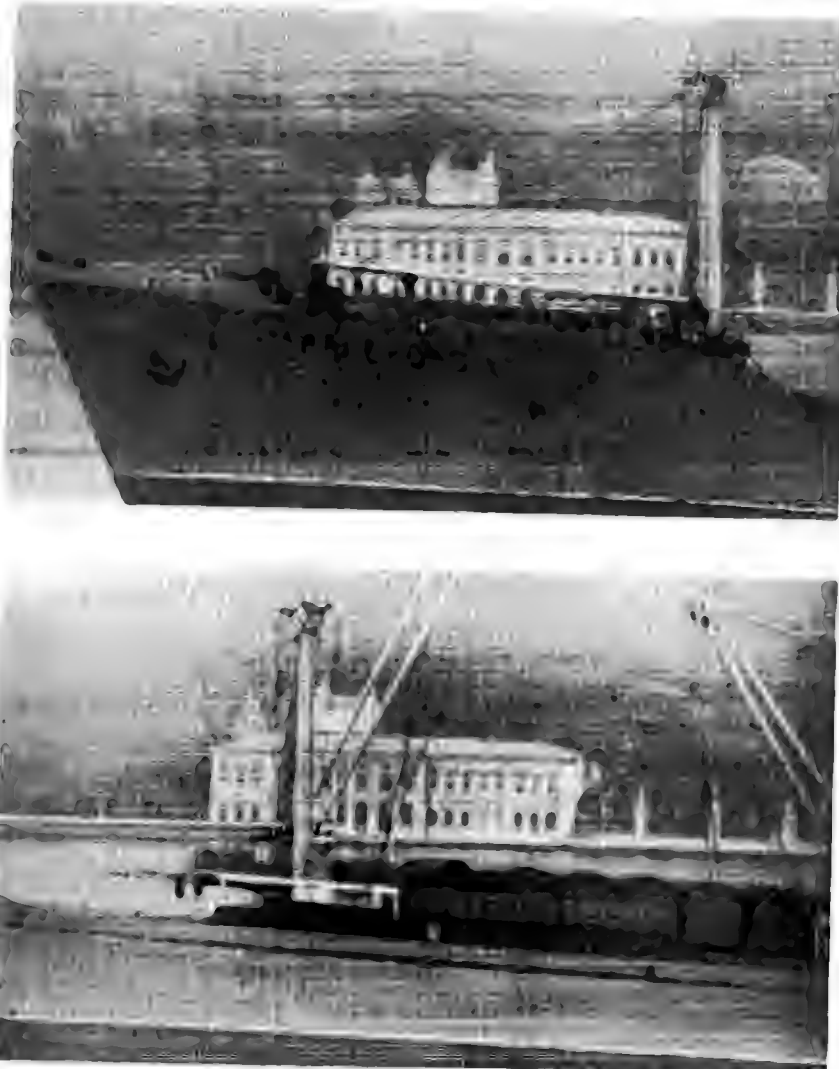


FIGURE 2. SOVIET FREIGHTER MILLEROVO BOUND FOR CAMBODIA

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France was the only other country to ship military cargoes to Cambodia. In August, 25 Simca 4.5-ton military trucks were delivered on the French liner Tanagra. At the end of October, another French liner, the Tchibanga, discharged 8 tons of small arms and ammunition, ostensibly hunting equipment, from Switzerland. The French liner Moonie brought a similar cargo in November, consisting of 60,000 rounds of .22-caliber ammunition.

Numerous military-related cargoes were also unloaded at Sihanoukville. Explosives and other related chemicals probably were included among the sizable unidentified cargoes arriving from Communist China. A French liner discharged 25 tons of dynamite in November. Also shipped were chemicals which could be used to manufacture explosives, such as 46 tons of potassium chlorate, red phosphorus, potassium bichromate, and nitric acid unloaded from a Japanese ship in October; 3 tons of aluminum powder offloaded from a French liner in August; 4 tons of potassium nitrate delivered from Hong Kong by a British ship under Chinese Communist charter; and 3 tons of nitric acid discharged by a Polish liner in September.

More than 75 tons of medicines and pharmaceuticals from the USSR and over 175 tons of pharmaceuticals from Western Europe were imported via Sihanoukville in the second half of 1966. Nearly every cargo arriving from Communist China during the last six months of 1966 also included medicines.

It is unlikely that very much if any of the military equipment imported from the USSR and China has been transferred to the Viet Cong. However, it is likely that some military-related cargoes, such as explosives, chemicals, medicines, and communication equipment, have been smuggled to the Viet Cong.

#### D. Unidentified Cargoes

About 22 percent of the cargoes on Communist ships and 32 percent of those on Free World ships discharged at Sihanoukville were unidentified. Most of the unidentified cargoes were general cargoes loaded in Communist China (12,000 tons), Western Europe and Yugoslavia (10,000 tons), and the entrepôt ports of Singapore, Hong Kong, and Bangkok (6,000 tons). The unidentified shipments from Communist China include some cargoes which are identified by type but for which the weights are unknown.

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Table 1

International Shipping at Sihanoukville and Phnom Penh  
1965 and 1966

Port	Ship Arrivals		Cargo (Thousand Metric Tons)					
			Discharged		Loaded		Total	
	<u>1965</u>	<u>1966</u>	<u>1965</u>	<u>1966</u>	<u>1965</u>	<u>1966</u>	<u>1965</u>	<u>1966</u>
Sihanoukville	275	261	265	277	490	273	755	550
Phnom Penh	423	339	279	298	313	220	592	518
Total	<u>698</u>	<u>600</u>	<u>544</u>	<u>575</u>	<u>803</u>	<u>493</u>	<u>1,347</u>	<u>1,068</u>

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Table 2

Ship Arrivals and Cargo Discharged at Sihanoukville and Phnom Penh, by Flag  
Second Half of 1966

Flag	Ship Arrivals <sup>a/</sup>			Cargo Discharged (Metric Tons)		
	Sihanoukville	Phnom Penh	Total	Sihanoukville	Phnom Penh	Total
Communist countries	<u>26</u>	<u>0</u>	<u>26</u>	<u>34,661</u>	<u>0</u>	<u>34,661</u>
Communist China	7		7	16,605		16,605
Poland	10		10	1,828		1,828
USSR	9		9	16,228		16,228
Free World	<u>101</u>	<u>168</u>	<u>269</u>	<u>75,887</u>	<u>134,150 b/</u>	<u>210,037</u>
Cambodia	5	30	35	2,950	10,515	13,465
Denmark	3		3	104		104
France	42	42	84	18,221	55,563	73,784
Greece	13		13	23,945		23,945
Haiti	1		1			
Japan	2	32	34	175	32,068	32,243
Malaysia		10	10		3,605	3,605
Malta	2		2	11,144		11,144
Netherlands		2	2		1,879	1,879
Norway	6		6	5,397		5,397
Panama	4	52	56	786 c/	30,520	31,306
Switzerland	1		1			
United Kingdom	13		13	9,074		9,074
Yugoslavia	9		9	4,091		4,091
Total	<u>127</u>	<u>168</u>	<u>295</u>	<u>110,548</u>	<u>134,150 b/</u>	<u>244,698</u>

a. Including only arrivals of seagoing ships from foreign ports.

b. Including cargo in transit for Laos and POL deliveries to Kompong Cham and Tonle Bet.

c. The entire amount represents a delivery of bulk POL by a Panamanian tanker, the only delivery of bulk POL to Sihanoukville by any tanker.

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Table 3

Cargo Discharged at Sihanoukville  
and Phnom Penh, by Country of Loading a/  
Second Half of 1966

<u>Country of Loading</u>	<u>Metric Tons</u>		
	<u>Port of Discharge</u>		<u>Total</u>
	<u>Sihanoukville</u>	<u>Phnom Penh</u>	
Communist countries	<u>80,912</u>		<u>80,912</u>
Communist China	52,065		52,065
North Vietnam	26,820		26,820
Poland	1,475		1,475
USSR	552		552
Free World	<u>29,636</u>	<u>134,150 b/</u>	<u>163,786</u>
Belgium	181		181
France	2,812		2,812
French Somaliland	224		224
Hong Kong	1,762	10,247	12,009
India		834	834
Indonesia	477	20,866	21,343
Italy	211		211
Japan	175	19,099	19,274
Malaysia	170		170
Netherlands	329		329
Pakistan		3,638	3,638
Philippines	108		108
Singapore	6,555	14,455	21,010
South Vietnam	1	65,011	65,012
Thailand	795		795
West Germany	1,037		1,037
United Kingdom	822		822
Yugoslavia	1,656		1,656
Unidentified Europe	10,001		10,001
Unidentified	2,320		2,320
Total	<u>110,548</u>	<u>134,150 b/</u>	<u>244,698</u>

a. In most cases the country of loading is the same as the country of origin. In some cases, however, it is the country at which the cargo was offloaded for trans-shipment. In these cases the country of origin is often unknown.

b. Including cargo in transit for Laos and POL deliveries to Kompong Cham and Tonle Bet.

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